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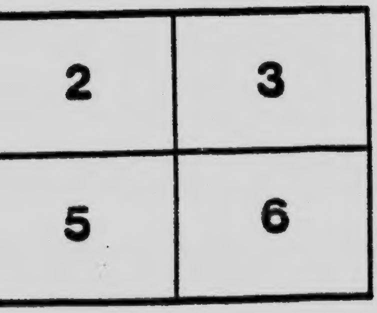

Gray, Robert A.

AN EXPLANATION

WITH ILLUSTRATIONS

OF

THE BILL TO SUPERANNUATE TEACHERS AND INSPECTORS

INTRODUCED INTO THE

ONTARIO LEGISLATURE, 1915.

BY

R. A. GRAY, B.A.

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AN EXPLANATION OF THE BILL.

A BILL respecting the Superannuation of Teachers and Inspectors was given a First Reading on April 2nd, 1915, in the Ontario Legislature. As an Act of Parliament is couched in technical language, it is not always easily understood by the non-expert, and the essential points are not prominently set forth to the general reader. With a view to a clearer understanding of the Superannuation Bill, an endeavour is herewith made to present a concise statement of its main provisions, with illustrations of its working and meaning, which, it is hoped, will be of service to all concerned.

I. CONTRIBUTIONS.

To finance the scheme it is obvious that money must be provided. The expense of this scheme is to be borne by three parties.

(1) All Teachers and Inspectors are to contribute 2% of their salary. *See Section 4 (a) of the Bill.*

(2) The Provincial Government is to contribute a sum equal to 2% of the salaries of the Teachers and Inspectors. (*Section 5.*)

(3) All School Boards and Public Corporations that employ teachers or inspectors are to contribute a sum equal to 1% of the salaries of these teachers or inspectors. (*Secs. 4 (b) and 4 (c).*)

The total contribution from all sources is thus 5% of the salaries.

If sections (*b*) and (*c*) of Clause 4 of the Bill are read carefully it will be seen that only 1% of the salaries is to be contributed by the municipalities and not 2% as some might infer.

In those cases where the salary paid to a teacher is less than $550 a year, the amount of the contribution to be paid by both the teacher and the board, will be as if the salary were $550—the teacher to pay $11 a year and the board $5.50. The minimum salary of a teacher is thus regarded as $550. (*Sec. 6*).

II. THE BENEFITS.

(*a*) *Pensions after Forty Years of Service.*

(1) A Pension is to be granted to all teachers and inspectors who have given 40 years of service and who retire from the profession.

(2) The annual allowance to be paid as a pension is calculated by multiplying 1/60 of the average salary for the last ten years of service by the number of years of service. *Sec. 11* (1).

For example, if this average salary is $900 and the number of years' service is 40, the Pension will be 40/60 of $900, which is $600 per annum.

(3) A limit has been set to the amount of a pension; no pension granted for full service shall be less than $365 a year, nor greater than $1,000 a year. *Sec. 11 (1), (d) and (e).*

(4) Teachers who have not had the opportunity of contributing to such a fund in the past will be allowed half the number of their years of experience prior to the passing of the Bill in calculating the annuity.

If, for example, a teacher has taught 30 years before the Bill comes into operation, and ten years after, the 30 years will be counted as 15 years of service, and, with the ten years after the Bill came into

operation added, there will be a total of 25 full years of service. The pension will thus be 25/60 of the average salary for the last ten years.

Tables are appended showing the annual pension in a variety of typical cases. (TABLE A.) It must be observed however that whenever a pension, calculated as above, falls below $365 per annum, the pension paid will be $365; but, on the other hand, should the pension, as calculated, be greater than $1,000 per annum, only $1,000 will be paid.

(b) Sickness or Disability Benefits.

If a teacher or an inspector has given fifteen years of service or more, and becomes incapacitated, a pension will be granted, and its amount will be calculated in the same manner as if he retired by reason of 40 years of service. *Sec. 11 (3).* For example, if he has served 20 years he will receive 20/60 of his average salary for the last ten years of service. Should this pension, so calculated, fall below $365, the pension will be determined by another method, which is: multiply $20 by the number of years of service. For example, if a teacher has served only 15 years, and his average salary for the last ten years of service is $800, the annual pension, calculated in the usual way will be 15/60 of $800, which is $200. As this falls below $365, the other method will apply and the annual pension will be $20 multiplied by 15 which is $300 instead of $200. In no case to which this method applies will the pension granted exceed $365.

Tables are appended showing the pension in cases of disability before having taught the 40 years. The least pension in the case of sickness will be $150 a year as may be seen by reference to TABLE B. All teachers who enter the profession after the Bill comes into operation will receive a pension for disability on account of sickness of at least $300 a year.

(c) Benefits on Withdrawing or on Death.

If a teacher withdraws from the profession, or if death occurs before a pension can be secured, it is understood that his contributions will be returned either to the teacher or to his heirs, with or without interest according to the condition of the funds, but not for the first ten years after the scheme becomes operative, and then only if actuarial investigation shows that it will be safe to introduce these benefits. The scheme will ultimately provide benefits such as these mentioned above, but at the beginning, since many will receive pensions who have contributed little, and in some cases nothing to the fund, a delay in these benefits is considered to be prudent. *Sec. 14 (1) (2).*

SOME COMMENTS ON THE BILL.

1. Nearly the whole civilized world has adopted pension schemes for teachers of one kind or another during the last half of the nineteenth century, or in the twentieth; and by the establishment of such pension funds these countries have recognized the value to the community of superannuation allowances to teachers. The financing of these schemes is all important; while the state itself, in some instances, meets the whole cost, in the majority of cases the teachers contribute a portion of the expense, usually about 1/3 of it. The contributions proposed in this Bill are moderate and fair to all parties concerned.

In comparison with the Scottish Fund, for example, in which the contributions are from 3% to 4% by teachers, 3% by the Government, and 3% by Boards, the contributions proposed in the Ontario Bill are quite reasonable. In Bank Pension Funds in Canada, the contributions from all sources range from 8% to 12% of the salaries.

2. The objection has been urged that 40 years is too long a period of service before retiring. As the majority of teachers begin teaching between the ages of 19 and 25 years, the age at which a pension may be granted would lie between 59 and 65 years. In Toronto in the summer of 1914 great opposition was raised by several teachers, whose ages ranged from 60 to 74 years, to their being compelled to retire, because every one considered himself quite capable of continuing his work. If [illegible] cher is fit for duty, surely there should be no desire on his part [illegible] ile he can still render useful service to the community, or on the [illegible] of school boards to deprive schools of the services of efficient teac[illegible] of mature experience; yet, in the event of ill-health, suitable provision is made in the Bill, even after so short a period of service as 15 years. A teacher who has served 40 years is entitled to a pension, but, so far as the Bill is concerned, it is optional with the teacher and with school boards whether he shall retire or not, so that if a teacher is efficient there will be no compulsory retirement.

In youth it may seem a long time to look forward 40 years to the age of sixty, but it is a short time, a very short time indeed to look back over, and in this age with every hour filled with its allotted or self-imposed task the years pass "as a tale that is told."

The next paragraph will furnish additional comment on the objection to 40 years being taken for the minimum number of years of service.

3. A comparison of the contributions which are to be paid by teachers under the proposed scheme, with those of purchasers of Canadian Government Annuities, for annuities of equal value, is instructive. Take for example the case of a woman aged 20 entering the profession after the scheme becomes operative. Assume that she begins on a salary of $500 a year and ultimately reaches $1,000 a year. Assume, too, that her average salary is $750 so that her annual contributions would average $15. The annuity to which she would be entitled after 40 years of service would be at least $500 a year. (If, however, the average salary for the last ten years were $1,000, she would be entitled to an annuity of $666 a year.)

Now, to buy an annuity of $500 a year at the age of 60, the Canadian Government would charge a person, aged 20, an annual contribution of $41.70. (Canadian Government Annuity Tables, p. 36), but were the retiring age 5[illegible] the annual charge in the same case would be $65.75.

The conclusions to be drawn from such a comparison are:

(*a*) It is impossible to provide the annuities proposed in the Bill, unless other contributions are forthcoming in addition to the 2% paid by the teachers.

(*b*) It is impossible to fix the retiring age earlier than after forty years of service without materially increasing the contributions from all sources.

Tables C. and D furnish additional examples for comparisons.

4. The advantages of a provincial scheme over a local scheme are sufficiently obvious to require scarcely any comment. It goes without saying that a provincial scheme with a large number of lives in it will give better average results and more in accordance with life averages than a small local scheme could possibly give. Again, under a provincial scheme teachers who are seeking advancement in their profession will be free to pass from the service of one board to that of another without their standing and claims on the pension fund being affected, and they will not be refused employment by a school board in which a local pension scheme is in force merely because they are a little beyond the

very low maximum age at which this board will appoint teachers. For it must be clear to anyone that if such a board appointed teachers of advanced age, not only would the contributions from these teachers be few but it would not be very long before pensions would have to be paid to them.

Under a provincial scheme all school boards would have the advantage of being free to engage the best and most experienced teachers available, irrespective of age, for the effect on the local pension fund would no longer require to be considered.

Moreover, the security and stability of a provincial scheme and the fact that the Province and the school boards would each contribute to it—which has not been the case to any appreciable extent up to the present moment—should lead all teachers who are connected with the local schemes to decide in favour of the Provincial Bill, even if at first sight the local scheme appears to promise more and greater benefits.

5. As a delay has occurred in the second and third readings of the Bill, the dates which have been inserted will have to be changed.

6. On the last page of the Bill it will be seen that regulations are to be prepared respecting the operation of the scheme, but in addition to these referred to there will be many special cases which may have to be considered on their merits. For example, some teachers may be permitted to enter the profession late in life or be allowed to return after having withdrawn from the profession for some years. In these cases it may be quite impossible to complete 40 years of service, but teachers may rest assured that equitable and just regulations will be made to govern these cases and any other exceptional situations which may arise.

7. Through the passing of this Bill it is reasonably certain that the teaching profession will become a more permanent occupation. To its ranks will then be attracted many who now fear to risk the present outlook of a destitute old age; and others will be retained in its ranks who for the same reason regard teaching as a mere stepping-stone to a more lucrative calling. Lack of permanency, especially in the rural districts, is one of the chief obstacles to efficiency in our schools, and consequently to the efficiency of the state. The loss of time and the waste of energy due to a frequent succession of inexperienced teachers, whose ignorance of the attainments, the character and the disposition of their pupils, and their inevitable mistakes and tentative efforts, if fully realized, should cause every school section in the Province to welcome any device which would help to establish on a more permanent footing the profession of teaching. The value to the public of superannuating teachers will far outweigh public contributions to the fund.

The Bill may be interpreted as an expression of the Government's appreciation of the value of its schools to the state, and its desire to have them in charge of experienced teachers. It may also be considered as an effort by the Government to end the scarcity of teachers that has existed for some years, and to attract to the profession persons of ability who are specially qualified for the work, and to retain teachers who have already proved their worth as educators and leaders. In short it is expected that superannuation will give greater permanency to the teaching profession in Ontario, as it has done in other places where it has been adopted. It is an admission too that the salaries of teachers are insufficient, and that it is difficult on such salaries to make suitable provision for sickness or old age, unless some co-operative fund is established to which the state should contribute. It is also an admission of the fact that while the salaries of teachers have apparently

increased of late years, they have not actually increased when the enhanced cost of living is considered. According to a carefully prepared report recently issued, the dollar has now only a sixty-nine cent purchasing power as compared with the dollar of a few years ago.

8. The cost of this scheme to the Province and to school boards will be in the immediate future comparatively small. At present the total salaries paid to all teachers and inspectors in the Province is about eight and a half millions of dollars, so that the Government contribution of 2% would be approximately $170,000. To annuitants in the old Provincial Superannuation Fund for Teachers, to which practically no contributions are being made by teachers, the Government is now paying about $50,000 annually, so that, in view of the absorption of this fund by the new scheme, the additional sum asked from the Provincial Government is not more than $120,000. School boards would contribute about $85,000, distributed over the whole Province—the smallest amount contributed by any school section being $5.50, and the largest that by the City of Toronto about $14,000, on a total assessed value of 589 millions of dollars. This is about one-fortieth of a mill on the dollar.

In view of the millions spent on education, and the still larger expenditures in other directions in Ontario, these sums are inconsiderable.

TABLE E below shows how lightly the charge of a sum equal to 1% of the teachers' salaries would fall on the owner of a farm of 100 acres. A township in Waterloo County has been taken as a typical case in which it may be seen that the rate of taxation seldom exceeds one-twentieth of a mill on the dollar.

9. Any reasonable suggestions, which have been carefully thought out, either by individuals or by Teachers' Institutes, will receive due consideration, and if approved by the Government will be embodied in the Bill on its second reading.

As an illustration of a reasonable suggestion it may be mentioned that since the Bill was drafted it has occurred to some that many advantages will result from making the 1% of the teachers' salaries a county rate instead of having it paid directly by the Local School Boards. By this change in the Bill the amount paid by the local authorities will be equalized for the whole county, and sections that are disposed to deal generously in the payment of teachers will not be militated against. The change will also minimise the inequality arising from the varying size of the school sections and their different assessed values. The amount required will be merely a county tax rate of from one-thirtieth to one-fortieth of a mill on the dollar. The change will also simplify the book-keeping and very greatly reduce the correspondence which will be necessary if the individual boards are to remit monthly.

10. If there are any teachers who from personal considerations would prefer not to support the Bill, they are earnestly requested not to oppose it on any such ground. If the scheme would prove of advantage to the profession generally, and tend to make teaching more permanent and thus ensure more efficient service to the state, if it would help to relieve older teachers of their anxiety for the future, especially women teachers who in the past have received meagre pittances during many years, the Bill should receive generous and undivided support.

11. The scheme has been prepared under the direction of one of the most competent actuaries in the province but the tenure of service of the teachers, the amount of their salaries, and the character of the teaching profession may be so affected by unforeseen changes that may occur in the community, or by changes due to the very operation of the

superannuation scheme itself, that it may be necessary before many years have passed to alter the scheme in minor particulars. The main question at present is not whether the Bill is perfect, but whether it is not a great advance over existing conditions. If in some particular it could be improved, there will be ample opportunity for remedying any defects after if has been in operation ten years, and when experience will support the opinion that a modification is desirable.

TABLE "A".

PENSIONS GRANTED AFTER FORTY YEARS OF SERVICE.

Years of service prior to establishment of fund.	Years of service subsequent to establishment of fund.	Total full years of service counted.	Average salary for the last ten years of service.	Pension calculated (1/60 of average salary for each year of service).	Pension to be paid
40	0	20	$600	$200	$365
			700	233	365
			800	266	365
			900	300	365
			1000	333	365
			1200	400	400
			1500	500	500
			1800	600	600
			2400	800	800
30	10	25	$600	250	365
			700	291	365
			800	333	365
			900	375	375
			1000	416	416
			1200	500	500
			1500	625	625
			1800	750	750
			2400	1000	1000
20	20	30	$600	300	365
			700	350	365
			800	400	400
			900	450	450
			1000	500	500
			1200	600	600
			1500	750	750
			1800	900	900
			2400	1200	1000
10	30	35	$600	350	365
			700	408	408
			800	466	466
			900	525	525
			1000	583	583
			1200	700	700
			1500	875	875
			1800	1050	1000
			2400	1400	1000
0	40	40	$600	400	$400
			700	466	466
			800	533	533
			900	600	600
			1000	666	666
			1200	800	800
			1500	1000	1000
			1800	1200	1000
			2400	1600	1000

TABLE "B".
SICKNESS PENSIONS BEFORE COMPLETING FORTY YEARS OF SERVICE.

Years of service prior to establishment of fund.	Years of Service subsequent to establishment of the fund.	Total full years of service counted.	Average salary for the last ten years of service.	Pensions calculated (1/60 of average of last ten years' salary).	Pension calculated by other method: $20 for each year of service	Pension which would be granted.
15	0	7½	$600	$ 75	$150	$150
			700	87	150	150
			800	100	150	150
			900	112	150	150
			1000	125	150	150
			1200	150	150	150
			1500	187	150	187
			1800	225	150	225
			2400	300	150	300
20	0	10	$600	$100	$200	$200
or 16	2	10	700	116	200	200
or 12	4	10	800	133	200	200
			900	150	200	200
			1000	166	200	200
			1200	200	200	200
			1500	250	200	250
			1800	300	200	300
			2400	400		400
30	0	15	$600	$150	$300	$300
or 24	3	15	700	175	300	300
or 18	6	15	800	200	300	300
or 12	9	15	900	225	300	300
or 6	12	15	1000	250	300	300
or 0	15	15	1200	300	300	300
			1500	375		375
			1800	450		450
			2400	600		600

For "total full years of service" amounting to 20 years, 25 years, 30 years and 35 years, the sickness pensions will be the same as those shown in TABLE "A" for the same full years of service.

TABLE "C".
YEARLY PAYMENTS REQUIRED TO PURCHASE A CANADIAN GOVERNMENT ANNUITY COMPARED WITH THE CONTRIBUTIONS OF TEACHERS IN THE PROPOSED SCHEME.

Age at entering the profession.	Age at retiring.	Average salary.	Annuity granted by the proposed scheme.	Teacher's annual contribution under proposed scheme.	Annual payment required to purchase a Canadian Government Annuity of the same amount.	
					(a) men	(b) women
20	60	$600	$400	$12	$29.48	$33.36
		700	466	14	34.35	38.86
		800	533	16	39.28	44.45
		900	600	18	44.22	50.04
		1000	666	20	49.08	55.54
		1200	800	24	58.96	66.72
		1500	1000	30	73.70	83.40
		1800	1000	36	73.70	83.40
		2400	1000	48	73.70	83.40
25	65	$600	$400	$12	$22.28	$26.64
		700	466	14	25.96	31.04
		800	533	16	29.69	35.50
		900	600	18	33.42	39.96
		1000	666	20	37.10	44.36
		1200	800	24	44.56	53.28
		1500	1000	30	55.70	66.60
		1800	1000	36	55.70	66.60
		2400	1000	48	55.70	66.60

TABLE "D".

A COMPARISON OF THE YEARLY PAYMENTS REQUIRED TO PURCHASE A CANADIAN GOVERNMENT ANNUITY WITH THE CONTRIBUTIONS TO BE PAID BY TEACHERS IN THE PROPOSED SCHEME, IF RETIREMENT WERE ALLOWED AT THE END OF THIRTY-FIVE YEARS OF SERVICE.

Age at entering the profession.	Age at retiring.	Average salary.	Teacher's annual contribution under proposed scheme.	Annuity received from proposed scheme.	Annual payment to purchase a Canadian Government Annuity of the same amount.	
					(a) for men	(b) for women
20	55	$600	$12	$350	$42.38	$46.02
		700	14	408	49.41	53.65
		800	16	466	56.44	61.28
		900	18	525	63.57	69.04
		1000	20	583	70.60	76.66
		1200	24	700	84.77	92.05
		1500	30	875	105.96	115.06
		1800	36	1000	121.10	131.50
		2400	48	1000	121.10	131.50

TABLE "E".

ANNUAL COST TO A FARMER HAVING 100 ACRES OF LAND. TOWNSHIP OF WELLESLEY.

(WATERLOO COUNTY.)

The calculations are based on salaries paid in June, 1914, but salaries of less than $550 are rated as $550.

School Section No.	Size in Acres.	Teacher's Salary.	1% of Salary.	Share on 100 Acres.	Assessable Value.	Rate of Taxation Fraction of a Mill.
1.	3178	$550	$5.50	$0.14	$170,950	1/31
x2.	3265	600	6.00	.18	158,750	1/26
3.	2925	600	6.00	.20	133,400	1/22
4.	Linwood 3290	623 525	11.75	.35 m	229,625	1/19
6.	4531	550	5.50	.12	213,700	1/39
7.	3609	650	6.50	.18	202,800	1/31
8.	3879	500	5.50	.14	207,200	1/38
10.	2019	500	5.50	.22	98,750	1/18
x11.	Heidelberg 2619	700 500	12.50	.47 m	234,500	1/19
13.	1903	650	6.50	.34	128,750	1/20
x14.	2404	625	6.25	.26	157,080	1/25
15.	2732	500	5.50	.20	129,400	1/23
16.	Wellesley 2201	800 600 550 600	25.50	1.15 m	339,495	1/13
17.	2899	600	6.00	.20	157,025	1/26
18.	2747	625	6.25	.22	145,400	1/23
19.	3836	575	5.75	.15	192,300	1/33
21.	1940	500	5.50	.28	91,600	1/17

The sections marked m are really urban sections although they have not been incorporated as villages. In these the amount payable on 100 acres of land does not really indicate what each person will have to pay, as a good part of that section is divided into village lots. The amount payable by each will be very much less than these figures would indicate.

The sections marked "x" are union sections.

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